

AS

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-138-C - ORDER NO. 96-674
SEPTEMBER 27, 1996

IN RE: Application of Five Star Telecom, Inc.) ORDER
for a Certificate of Public Convenience) APPROVING
and Necessity to Provide Intrastate) CERTIFICATE
Resold Telecommunications Services)
within the State of South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Five Star Telecom, Inc. ("Five Star" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1995) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Five Star to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Five Star's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Five Star complied with this instruction and provided the Commission

with proof of publication of the Notice of Filing. No protests or Petitions to Intervene regarding Five Star's Application were received by the Commission.

A hearing was commenced on September 3, 1996, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. Five Star was represented by Robert D. Coble, Esquire. Catherine D. Taylor, Staff Counsel, represented the Commission Staff.

Paul Gamberg, Executive Vice President of Five Star, appeared and offered testimony in support of Five Star's Application. Mr. Gamberg stated that Five Star is a Delaware corporation which is registered to do business in South Carolina as a foreign corporation. According to Mr. Gamberg, Five Star proposes to offer long distance services using resold transmission services of carriers certificated to carry traffic in South Carolina. Mr. Gamberg explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. The record reveals the Company's services, operations and marketing procedures.

Mr. Gamberg also explained that Five Star possesses the technical, financial and managerial abilities to provide its services in South Carolina. The record further reveals that the Company had made certain changes to its proposed tariff to comply with Commission guidelines and prior Orders.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the

Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Five Star is incorporated under the laws of the State of Delaware and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Five Star operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Five Star has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Five Star to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Five Star for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application

of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Five Star shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Five Star shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1995).

4. Five Star shall file its revised maximum tariff and an accompanying price list within thirty (30) days of the date of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Five Star is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to

facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Five Star shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Five Star changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, Five Star shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

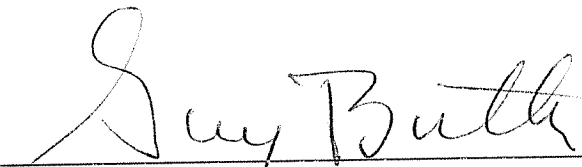
9. Five Star shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. Five Star shall, in compliance with Commission Regulations, designate and maintain an authorized utility representative(s) who is (are) prepared to discuss on a regulatory level, customer relations (complaint) matters, engineering operations, and tests and repairs. In addition, Five Star shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties, as well as for emergencies which occur during non-office hours. Five Star shall file with the Commission the names, addresses and telephone numbers of these representatives

within ten (10) days of receipt of this Order. Further, Five Star shall promptly notify the Commission in writing if the representatives are replaced.

11. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE